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ZNY CCCCC ZZH
R 030828Z JUL 07
FM AMEMBASSY JAKARTA
TO RUEHJA/AMEMBASSY JAKARTA
RUEHJA/AMCONSUL SURABAYA 1830
RUEHC/SECSTATE WASHDC 5294
INFO RUEHJS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHBJ/AMEMBASSY BEIJING 4140
RUEHBY/AMEMBASSY CANBERRA 0870
RUEHUL/AMEMBASSY SEOUL 4090
RUEHKO/AMEMBASSY TOKYO 0572
RUEHHK/AMCONSUL HONG KONG 2356
RUEAIIA/CIA WASHDC
RUQODAZ/CARIBROC KEY WEST FL
RHHJJPI/PACOM IDHS HONOLULU HI
RUCPDO/DEPT OF COMMERCE WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 001813

SIPDIS

NOFORN
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FOR EAP/MTS; EB/TPP/IPE
COMMERCE FOR 4430/ BERLINGUETTE
COMMERCE PASS USPTO
DEPT PASS USTR FOR DKATZ, RBAE,

E.O. 12958: DECL: 07/02/2017
TAGS: [KIPR](#) [ETRD](#) [KCOR](#) [ECON](#) [ID](#)
SUBJECT: PIRATED DISK FACTORIES RAIDED BY INDONESIAN
AUTHORITIES

REF: JAKARTA 00011

Classified By: Econ Officer Jonathan Alan. Reason: 1.4 (b) and (d).

¶1. (C) SUMMARY: Indonesian authorities carried out the single largest and most successful operation to date against manufacturers of pirated optical disks on Sunday, July 1, 2007. Fifteen people were arrested and face charges under copyright and optical disk laws. Police also seized approximately 50,000 pirated disks and 11 replicating machines capable of a combined production capacity of 220,000 disks per day. Preliminary estimates by Indonesian police put the value of the seized equipment and pirated products between USD \$7.5 and \$9 million. The raided factories are connected to Arief "Cocong" Prijatan, a reclusive Indonesian businessman of Chinese origin involved in several illegal activities. Government of Indonesia (GOI) law enforcement authorities benefited from intelligence and technical assistance provided through the State Department/INL-funded, Department of Justice International Criminal investigative Training Assistance Program (ICITAP). Since Indonesia's upgrade to the Special 301 Watch List in November 2006, the GOI has continued to make progress in improving its enforcement and protection of Intellectual Property Rights (IPR). Sustained efforts and continued progress still remain essential for Indonesia to avoid being placed back on the Priority Watch List. Post recommends extension of the ICITAP program for another year. END SUMMARY

Profits of \$4 Million a Month

¶2. (SBU) The optical disk factories targeted by police in the July 1 police raid represent two of the thirty registered optical disk factories licensed by the GOI to operate in Indonesia. (The number of illegal, unregistered facilities remains speculative; Indonesian law requires registration and licensing of all optical disk factories.) Police seized approximately 350,000 pirated disks and, more importantly, 11 replicating machines capable of a combined production

capacity of 220,000 disks per day. Fifteen people were arrested and face charges under copyright and optical disk laws. Law enforcement authorities estimate that the combined pirated output of both facilities produced illegal profits in excess of \$4 million per month. Preliminary estimates by Indonesian police of the total value of the seizures are between \$7.5 and \$9 million. This was the largest successful raid to date and had been carefully planned for weeks.

Technical Assistance Working

13. (C) GOI law enforcement authorities benefited from intelligence and technical assistance provided through the State Department/INL-funded, Department of Justice International Criminal Investigative Training Assistance Program (ICITAP). ICITAP advisors provided surveillance and operational planning assistance as well as specific intelligence on the targeted locations. USG-funded ICITAP consultants familiar with the operation were disappointed that both facilities had passed inspections by officials from GOI's Ministry of Industry (MOI) as recently as two weeks before the scheduled raids. ICITAP advisors are impressed, however, to see GOI law enforcement authorities conduct operations against facilities connected to powerful associates of Indonesian organized crime syndicates, known locally as "Preman".

Organized Crime Links

14. (C) Law enforcement authorities have tentatively linked both of the raided factories to Arief "Cocong" Prijatan, a

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reclusive Indonesian businessman of Chinese origin. Mr. Prijatan's other activities allegedly include illegal gambling, prostitution, human trafficking, illegal logging and counterfeit pharmaceuticals. Mr. Prijatan is a financial partner with Mr. Nurdin Umar, a former police colonel and optical disk factory owner. Mr. Umar's facility was implicated in the production of pirated disks during an unannounced MOI Monitoring Team visit in November 2006 (see reftel). Interestingly, Mr. Umar is also Chairman of the Video Industry Association (ASIREVI), Indonesia's industry group for legally registered optical disk factories.

Strike While the Iron is Hot

15. (C) The successful raids represent the fruits of continued USG engagement with the GOI on IPR issues, coupled with a robust program of USG-funded technical assistance. The GOI's effective use of technical assistance also suggests growing political will to combat manufacturers of pirated optical disks despite the latter's strong links to organized crime. That said, the irony of Mr. Umar's "leadership" of ASIREVI indicates the GOI still has a long road ahead to develop an effective IPR-enforcement regime. A key test will be not only the successful prosecution of the individuals arrested during the raids, but also of those financing the criminal enterprises. Results from these raids and seizures strengthen Post's recommendation for increased support of IPR-related assistance to GOI, including extension of the ICITAP program for another year and development of DOJ/OPDAT assistance to the Attorney General's Office to ensure successful prosecutions.

HUME